

**SPRINGPORT/CLARENCE REGIONAL FIRE BOARD**

FINANCIAL STATEMENTS

FEBRUARY 29, 2008

# **SPRINGPORT/CLARENCE REGIONAL FIRE BOARD**

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# MARKOWSKI & COMPANY

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**RETIRED PARTNER:**  
K. LAVERNE MARKOWSKI, C.P.A. (1961-2006)

**MEMBERS:**  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

ESTATE PLANNING COUNCIL OF  
SOUTH CENTRAL MICHIGAN

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Springport/Clarence Regional Fire Board  
Springport, Michigan

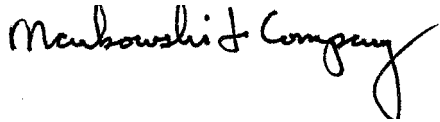
We have audited the accompanying financial statements of the governmental activities and the major fund of the **Springport/Clarence Regional Fire Board** as of February 29, 2008, and for the year then ended. These financial statements are the responsibility of the Springport/Clarence Regional Fire Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The budgetary comparison information on page 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Springport Clarence Regional Fire Board as of February 28, 2008, and the respective changes in financial position for the year then ended in conformity with auditing standards generally accepted in the United States of America.

The Township has elected not to present Management's Discussion and Analysis as required supplementary information. The Governmental Accounting Standards Board has determined that such information is necessary to supplement, although not required to be a part of, the basic financial statements.

A handwritten signature in black ink that reads "Markowski & Company". The signature is written in a cursive, flowing style.

**MARKOWSKI & COMPANY CPAs**  
August 26, 2008

**SPRINGPORT/CLARENCE REGIONAL FIRE BOARD**  
**GOVERNMENTAL FUNDS BALANCE SHEETS/STATEMENT OF NET ASSETS**  
**FEBRUARY 29, 2008**

	GOVERNMENTAL FUND	RECONCILING ITEMS	STATEMENT OF NET ASSETS
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 46,987	-	\$ 46,987
Investments	30,153	-	30,153
Accounts receivable	18,300	-	18,300
Prepaid insurance	20,690	-	20,690
Equipment, (net of depreciation)	-	300,588 (a)	300,588
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 116,130</u>	<u>\$ 300,588</u>	<u>416,718</u>
<b>LIABILITIES:</b>			
Accounts payable	\$ 752	-	752
Accrued payroll	10,044	-	10,044
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>10,796</u>	<u>-</u>	<u>10,796</u>
<b>FUND BALANCES:</b>			
Reserved	20,690		
Unreserved/Undesignated	84,644		
	<u>          </u>		
Total fund balance	<u>105,334</u>		
	<u>          </u>		
Total liabilities and fund balance	<u>\$ 116,130</u>		
<b>NET ASSETS:</b>			
Invested in capital assets		300,588	300,588
Unrestricted		-	105,333
		<u>          </u>	<u>          </u>
Total net assets		<u>\$ 300,588</u>	<u>\$ 405,921</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS**

(a) Capital assets are expensed in governmental fund financial statements; the acquired assets are capitalized and depreciated in the government-wide statement of net assets.

At February 29, 2008, equipment can be summarized as follows:

Equipment at cost	\$ 383,689
Less: Accumulated depreciation	(83,101)
	<u>\$ 300,588</u>

The accompanying notes are an integral part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**SPRINGPORT/CLARENCE REGIONAL FIRE BOARD**  
**INDEX TO NOTES TO THE FINANCIAL STATEMENTS**

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**SPRINGPORT/CLARENCE REGIONAL FIRE BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Description of Organization's Operations:**

The Springport/Clarence Regional Fire Board (the Fire Board) was formed in September 2003 under the provisions of Act 33 of the Public Acts of 1951 and an agreement between Springport and Clarence Townships. The purpose of the agreement was to organize a fire department with sufficient equipment and personnel to provide fire protection to the residents of the two townships.

The Springport/Clarence Regional Fire Board is governed by a five member board. Each township board appoints two members; the fifth member is appointed by the four township appointed members, and must be a resident of one of the townships.

**B. Measurement Focus/Basis of Accounting:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**C. Budget and Budgetary Accounting:**

Formal budgetary integration is employed as a management control device during the year for the General Fund. The budget was adopted on a cash basis. The difference between the cash basis and modified accrual, which is consistent with the Fire Board's financial reporting, will be an immaterial amount. The budget can be amended by a majority vote of the Fire Board, subject to the approval of the two townships.

**D. Capital Assets:**

All capital assets are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental fund financial statements. Depreciation is computed using the straight-line method, over the estimated useful life of the asset.

**SPRINGPORT/CLARENCE REGIONAL FIRE BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**D. Capital Assets: (Continued)**

Capital assets are defined as assets with an initial individual cost of \$1,000 or greater and an estimated useful life of more than one year. Capital assets are recorded at their cost, or fair market value for donated assets. The Springport/Clarence Regional Fire Board elected to begin capitalizing and depreciating capital assets effective March 1, 2004.

The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives.

**E. Fund Equity:**

The unreserved fund balances for governmental funds represent the amount available for financing future operations.

A portion of the fund balance has been reserved and not available for spending. This amount equals the insurance premiums paid during the current fiscal year, for insurance coverage in the next fiscal year (prepaid insurance).

**F. Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**G. Risk Financing:**

The Fire Board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the year.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**BUDGET VIOLATIONS:**

Public Act #621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The Fire Board's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. To provide a more accurate picture of the Fire Board's operating costs, certain revenues and expenditures have been reclassified.

**SPRINGPORT/CLARENCE REGIONAL FIRE BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:** (Continued)

**BUDGET VIOLATIONS:** (continued)

As an example, training costs are budgeted as one item, while the financial statements break these costs into wages and supplies. For determining variations to be considered as violations of Public Act 621, the budgeted amounts were treated as spread to the appropriate items. For example, the \$6,585 over expenditure for training wages is not reported, as it is covered by the \$8,860 under expenditure of training supplies. For the year ended February 29, 2008 the Board incurred expenditures which were in excess of the amounts appropriated.

These variances are as follows:

	Final Amended Budget	Actual	Over Expenditure
Incident wages	\$ 30,000	\$ 32,400	\$ (2,400)
Mileage Reimbursement	\$ -	\$ 646	\$ (646)
Equipment expense	\$ -	\$ 4,578	\$ (4,578)
Treasurers & Secretary salary	\$ -	\$ 1,550	\$ (1,550)
Repair & Maintenance	\$ 8,000	\$ 10,116	\$ (2,116)
Oil tanker	\$ -	\$ 3,489	\$ (3,489)

**NOTE 3 – CASH:**

The Board's Treasurer is authorized by state law and a resolution from the Board of Trustees to invest surplus funds as follows:

Certificates of deposit, savings accounts, deposit accounts or depository receipts of a federally insured bank or credit union, but only if the bank, or credit union meets all criteria as a depository of public funds contained in state law.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's cash and cash equivalents are as follows:

Cash and Investments	Financial Statement Amount	Bank Balance
Insured (FDIC)	\$ 77,140	\$ 78,342
Uninsured	-	-
	<u>\$ 77,140</u>	<u>\$ 78,342</u>

**SPRINGPORT/CLARENCE REGIONAL FIRE BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3 – CASH: (continued)**

The Fire Board's investments consist of a certificate of deposit with an original maturity of six months.

**Custodial Credit Risk**

At this time there is no risk of losing cash deposited into the bank account. The Fire Board's total cash balance is below the \$100,000 amount, which would be insured by FDIC standards.

**NOTE 4 – CAPITAL ASSETS:**

The Fire Board elected to capitalize and depreciate only items bought in fiscal 2005 and thereafter in according with GASB 34. Activity for fixed assets which have been capitalized by the Fire Board is summarized below:

	Balance 03/01/07	Additions	Disposals	Balance 02/29/08
Vehicles	\$ 313,502	\$ -	\$ -	\$ 313,502
Machinery & Equipment	66,501	3,686	-	70,187
Total Capital Assets	380,003	3,686	-	383,689
Accumulated Depreciation	(54,816)	-	(28,285)	(83,101)
Net Capital Assets	<u>\$ 325,187</u>	<u>\$ 3,686</u>	<u>\$ (28,285)</u>	<u>\$ 300,588</u>

**NOTE 5 – LEASE COMMITMENTS:**

The Fire Board has an operating lease with the Village of Springport for its fire station. There is no set expiration date, and the rent is set at \$1 annually. Rent paid by the SCFB during the year ended February 28, 2008 totaled \$1.

**NOTE 6 – RISK FINANCING:**

The Fire Board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. These risks are covered by commercial insurance purchased from independent third party companies. Settled claims from these risks have not exceeded commercial insurance coverage for the year.

**NOTE 7 – SUBSEQUENT EVENTS:**

The Fire Board approved an addition to the fire barn subsequent to year end. The total cost of the addition was \$26,392.

**SPRINGPORT/CLARENCE REGIONAL FIRE BOARD**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED FEBRUARY 29, 2008**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
Beginning of Year Fund Balance	\$ 72,488	\$ 72,488	\$ 72,488	\$ -
Resources (Inflows)				
Local unit contributions	40,000	40,000	40,000	-
Fire and rescue runs	93,500	93,500	90,796	(2,704)
Interest income	200	200	1,324	1,124
Miscellaneous	-	-	5,403	5,403
Recoveries	-	-	23,508	23,508
Grants	-	-	-	-
Subtotal - Current revenues	133,700	133,700	161,031	27,331
Amounts available for appropriation	206,188	206,188	233,519	27,331
Charges to Appropriations (Outflows)				
Officers salary	8,500	8,500	8,700	(200)
5th Board Member	210	210	120	90
Incident wages	30,000	30,000	32,400	(2,400)
Training wages	-	-	6,585	(6,585)
Treasurers & Secretary salary	-	-	1,550	(1,550)
Social security	9,000	9,000	3,751	5,249
Office supplies	3,000	3,000	605	2,395
Professional fees	1,000	1,100	1,571	(471)
Gasoline & Oil	1,500	2,500	2,159	341
Mileage Reimbursement	-	-	646	(646)
Utilities	9,000	9,000	9,032	(32)
Repairs & maintenance & Building Exp	7,416	8,000	10,116	(2,116)
Repair and maintenance - Radios	600	600	503	97
Retirees	-	-	460	(460)
Training supplies	10,000	11,100	2,240	8,860
Insurance	32,000	32,000	29,934	2,066
Insurance Building	484	484	408	76
Miscellaneous	4,000	4,000	1,227	2,773
Contingencies	9,990	4,590	4,000	590
Account 206	10,500	10,500	-	10,500
Oil tanker	-	-	3,489	(3,489)
Equipment expense	-	-	4,578	(4,578)
Dues and licenses	-	-	425	(425)
Capital outlay	6,000	8,200	3,686	4,514
Certifying air packs	1,000	1,000	-	1,000
Total Charges to Appropriations	144,200	143,784	128,185	15,599
Budgetary Fund Balance-February 29, 2008	\$ (10,500)	\$ 62,404	\$ 105,334	\$ 42,930

The accompanying notes are an integral part of these financial statements.

**SPRINGPORT/CLARENCE REGIONAL FIRE BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGED IN FUND BALANCES**  
**- GOVERNMENTAL FUND / STATEMENT OF ACTIVITIES**  
**YEAR ENDED FEBRUARY 29, 2008**

	GOVERNMENTAL FUND	RECONCILING ITEMS	STATEMENT OF ACTIVITIES
<b>REVENUES</b>			
Local unit contributions	\$ 40,000	\$ -	\$ 40,000
Fire and rescue	90,796	-	90,796
Interest income	1,324	-	1,324
Insurance Recovery	23,508	-	23,508
Miscellaneous	5,403	-	5,403
Total revenues	<u>161,031</u>	<u>-</u>	<u>161,031</u>
<b>EXPENDITURES</b>			
Firefighter & Officers Wages	41,100	-	41,100
Training Wages	6,585	-	6,585
Administrative Wages	1,670	-	1,670
Retirees Wages	460	-	460
Social security	3,751	-	3,751
Office supplies	605	-	605
Professional fees	1,571	-	1,571
Gasoline & Oil	2,159	-	2,159
Mileage Reimbursement	646	-	646
Utilities	9,032	-	9,032
Repairs and maintenance	8,042	-	8,042
Repair and maintenance - Radios	503	-	503
Building expense	2,074	-	2,074
Oil tanker expense	3,489	-	3,489
Training supplies	2,240	-	2,240
Insurance	29,934	-	29,934
Insurance Building	408	-	408
Miscellaneous	1,227	-	1,227
Depreciation	-	28,285 (a)	28,285
Equipment expense	4,578	-	4,578
Dues & licenses	425	-	425
Other expenses	4,000	-	4,000
Capital outlay	3,686	(3,686) (a)	-
Total expenditures/expenses	<u>128,185</u>	<u>24,599</u>	<u>152,784</u>
<b>EXCESS OF REVENUE OVER</b>			
EXPENDITURES/CHANGE IN NET ASSETS	32,846	(24,599)	8,247
<b>FUND BALANCES/NET ASSETS - Beginning</b>	<u>72,488</u>	<u>325,187</u>	<u>397,675</u>
<b>FUND BALANCES/NET ASSETS - Ending</b>	<u>\$ 105,334</u>	<u>\$ 300,588</u>	<u>\$ 405,922</u>

The accompanying notes are an integral part of these financial statements.

**SPRINGPORT/CLARENCE REGIONAL FIRE BOARD**  
**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED FEBRUARY 29, 2008**

(a) Capital outlays are expensed in governmental fund financial statements; the acquired assets are capitalized and depreciated in the statement of activities.

The difference can be summarized as follows:

Excess of Expenditures over Revenues	\$	(32,847)
Add: Depreciation Expense		28,285
Subtract: Capital Outlay		(3,686)
Change in Net Assets	<u>\$</u>	<u>24,599</u>

The accompanying notes are an integral part of these financial statements.

**MARKOWSKI & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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ESTATE PLANNING COUNCIL OF  
SOUTH CENTRAL MICHIGAN

Board of Directors  
Springport/Clarence Regional Fire Board  
Jackson and Calhoun Counties, Michigan

In planning and performing our audit of the financial statements of the governmental activities, and the major find of the **Springport/Clarence Regional Fire Board** as of and for the year ended February 29, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Springport/Clarence Regional Fire Board's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

**2007-01 - Reliance on External Auditors for Certain Control Functions:**

New Statements on Auditing Standards (SAS) issued by the American Institute of Certified Public Accountants have clarified management's responsibilities for establishing a system of internal control. It is now considered a significant deficiency in internal control when a governmental entity relies upon its external auditors as part of its internal control system. In the Fire Board's case, it relies on the external auditors to prepare year end financial statements in conformity with generally accepted accounting principles.

This is considered a significant deficiency because the Fire Board does not have staff or an independent advisor qualified to ensure the external auditor's work complies with all required standards. To address this, the Fire Board could either improve the treasurer's knowledge base through continuing education, or hire a CPA independent of its audit firm to review the annual report. The Fire Board believes that from a cost-benefit basis, neither of these solutions makes sense. We concur with this decision.

**2007-02 - Segregation of Duties:**

The Fire Board relies on its Treasurer for its accounting functions. Because of this limited staff size, there are instances in which conflicting duties are performed by one individual. To counter this weakness, the Board needs to continue its involvement in financial activities. As an example, approval of bills for payment should take place at each meeting. A copy of the treasurer's report should be attached to the minutes, which indicates the bills to be paid (and those paid in advance of the meeting under Board policy). After Board members have reviewed the treasurer's report and approved it and the payment of bills, the approval should be documented in the minutes.

Another means to achieve some segregation of duties would be for a board member independent of the treasurer to receive the bank statements directly from the bank. This member should promptly review the transactions and cancelled checks for any unusual activity. Upon completion of this review, the statement should be given to the treasurer for processing.

The Board should also consider requiring a second signature on all checks. This allows independent review prior to payment, which minimizes the risk for unauthorized disbursements.

A Board policy should be developed giving the Treasurer the authority to pay certain bills, such as utilities, prior to Board meetings. Supporting documentation (invoices, pay sheets, etc.) should be available at the meeting for review for all bills, including those paid in advance. At this time management is doing the above without a formal policy in place. This is a common practice to avoid incurring late charges, and does not create control problems as long as documentation is presented to the Board when requesting approval of these payments.

**2007-03 – Adjustments Proposed by the Auditor:**

During our audit, we proposed several adjustments to the accounting records. Because these entries were material in amount, this is considered a significant deficiency in internal control. We would suggest the Treasurer record accrual entries (recognizing revenues and expenditures in the proper period) and reconcile its payroll and related tax accounts in the future to correct this situation.

**2007-04 – Capital Asset Records Maintained by the Auditor:**

The Fire Board has relied on its external auditor to maintain and update its detail capital asset records. This consists of updating excel spreadsheet for any new acquisitions or disposals, and updating formulas to compute depreciation in conformity with policies set by the Fire Board.

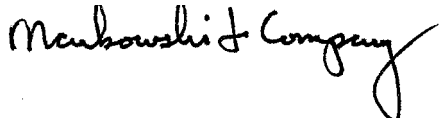
A copy of this information will be provided to the Treasurer, which will allow the Fire Board to assume this responsibility in the future.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses: 2007-01 and 2007-03.

We also noted other matters which should be considered by the Council. These are reported in our attached Memorandum on Comments and Recommendations.

The Fire Board Treasurer, Sheryl Proteau, was very cooperative throughout our audit. Her recordkeeping and accuracy of accounting continues to be excellent.

This communication is intended solely for the information and use of management, the Village Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



**MARKOWSKI & COMPANY CPAs**

August 26, 2008

**SPRINGPORT/CLARENCE REGIONAL FIRE BOARD  
MEMORANDUM OF COMMENTS AND RECOMMENDATIONS  
FOR THE YEAR ENDED FEBRUARY 29, 2008**

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Michigan Public Act 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated (budgeted). When creating the budget, the Board should keep in mind that the financial statements will be prepared using the modified accrual method. Therefore, the budget should also be based on the modified accrual method.

This means that revenues for the fiscal year will include charges for February runs, even though the Fire Board doesn't receive this money until March. Accordingly, expenses for the fiscal year will include accruals for February bills received and paid after the fiscal year end, and for February payroll hours paid after fiscal year end. With this in mind, we recommend that the Board continue to monitor and amend the budget as necessary.

**APPROVED VENDOR LIST**

A recent trend in fraud cases has been for the perpetrator to either create a fictitious vendor, or replace a check written to an approved vendor, or replace a check written to an approved vendor with one to someone else. As a means of protecting yourself, we recommend that the Board approve a list of vendors (and limit issuance of checks to only persons or companies named on that list).

**PAYROLL ACCOUNTING**

The current practice for payroll accounting is to record the net pay amount as payroll expense, with the employee withholdings and required match of payroll taxes both charged to payroll tax expense. The preferred method of accounting would be to charge the gross pay to payroll expense, and the required payroll tax match to the payroll tax account.

Also, training wages are presently combined with other training expenses in a single general ledger account for training. It would allow better reconciliation of payroll expenses to the governmental payroll reports (and therefore improve controls) if a separate account were established for training wages to be recorded in.